

MARYLAND'S CONSOLIDATED TRANSPORTATION PROGRAM

The Maryland Department of Transportation (MDOT) is pleased to present the State's proposed six-year capital investment program for transportation - the Consolidated Transportation Program (CTP). The CTP, covering investments in all modes of transportation across the State, is designed to present practical solutions leading to a vision of a More Mobile Maryland. By creating an effective network of services and facilities, the consolidated program is complementary to the way we live, work and travel.

Maryland's economic well being and its citizens' quality of life are directly impacted by the transportation system that moves people and commerce. As Maryland's citizens travel our highways, fly out of Baltimore-Washington International Thurgood Marshall Airport, travel through the Fort McHenry tunnel or over the Chesapeake Bay on the William Preston Lane Jr. Bridge, ride an express bus, receive cargo through the Port of Baltimore, or renew their driver's license without having to visit a Motor Vehicle Administration office, Maryland's transportation system touches our lives every day.

Efforts to maintain the safety, efficiency and condition of our transportation system demand constant attention. Our transportation system includes thousands of miles of highways and bridges, public transit systems, a major international airport and a thriving port - each serving millions of customers. Balance and flexibility are hallmarks of Maryland's transportation planning process. Economic expansion coupled with general transportation and population growth has led to significant travel growth throughout the transportation network. Primary factors affecting transportation such as population, households, registered vehicles, licensed drivers and multi-car households have far outpaced the rate at which the State's transportation infrastructure and services have been provided over the past 20 years.

Every year, as part of the statewide transportation planning process, the Maryland Department of Transportation (MDOT) releases the State Report on Transportation (SRT) - a vision of what the transportation system should be and a plan of how that vision will be achieved. The first part of this report, our statewide transportation plan called the Maryland Transportation Plan (MTP), sets goals and policies to guide transportation decision-making over the next 20 years. The MTP is updated every five years to reflect changes in transportation policy priorities. The 2004 update established new directions - providing mobility and focusing on efficient operations, adding needed transportation facilities, emphasizing safety and security in construction and operation, and improving the Department's responsiveness to its customers.

The second section of the SRT is this document - the Consolidated Transportation Program (CTP). It describes ongoing and new capital programs to be implemented over the next six years, and how the Department will fund these programs to achieve its goals. Every year, as part of the continuing, cooperative and comprehensive statewide planning process the Draft CTP is developed in concert with Maryland's 24 political subdivisions and the Draft is presented to local elected officials and citizens throughout Maryland for review and comment. Incorporating this input, it is then revised and submitted for approval as part of the Governor's budget to the General Assembly in January.

As a companion piece to the SRT, MDOT publishes an Annual Attainment Report on Transportation System Performance. This report provides a series of performance indicators to measure MDOT's success in achieving its goals and objectives. The performance indicators presented in the report are also intended to help MDOT and the citizens of Maryland better understand and assess the relationship of investments in transportation programs and projects with the services and quality they produce.

Many key transportation projects such as the Intercounty Connector (ICC) have seen significant progress as highlighted in this CTP. In addition, MDOT has moved forward with several Priority Initiatives, such as transportation improvements related to the U.S. Department of Defense's Base Realignment and Closure (BRAC) process, continued promotion of Transit-Oriented Development (TOD) through partnerships with community groups and local governments, and ongoing efforts to find new and innovative ways to fund transportation projects without overburdening Maryland's Transportation Trust Fund (TTF).

This year's CTP focuses on meeting the increasing demands on Maryland's transportation network while maintaining the high quality and level of service that Marylanders and other users of the system have come to expect, as well as fulfilling federal requirements of fiscal constraint. With no significant new revenue sources appearing in this CTP, MDOT is committed to maximizing the value and impact of available funds in every corner of the State. Now more than ever, new projects require new partnerships.

Maryland's Consolidated Transportation Program remains a unique, flexible funding tool, developed with considerable local input, and designed to address a multitude of system needs. By having all transportation systems funded under one trust fund, MDOT can efficiently direct resources to specific needs and seek multi-modal solutions, looking for the best mode or modes of transportation to address specific problems while making the

most of limited federal resources. In addition, the Annual Capital Program Tour provides a unique opportunity to gather public input from every jurisdiction in the State.

The following pages provide some background on how to read this document, how the public can get involved, how funding decisions are made and includes some of the highlights of this year's budget.

MDOT PRIORITIES: HOW THIS BUDGET AFFECTS YOUR COMMUNITY

System Maintenance and Efficiency

Keeping Maryland's transportation system safe and in good condition are top priorities of MDOT. In the face of growing travel demand, increasing construction and equipment costs, and limited resources, MDOT must make the most efficient use of the existing system. While there are needs for expanding capacity, preservation of the existing system is an ongoing necessity; roads must be re-paved, safety improvements made, aging bridges rehabilitated, and buses and trains repaired or replaced. To ensure that the most productive use is being made of the taxpayers existing investments in the State's transportation system, assets need to be maintained and preserved appropriately to extend the useful life of existing facilities and equipment in a fiscally responsive manner. The Department seeks to maximize value and performance from existing resources by managing facilities to provide maximum customer service from the system before making new investments.



Safety and Security

Ensuring the safety and security of Maryland residents and others who travel on our roadways, through our airports and seaports, and on our buses and trains is of vital importance.

The Department is committed to providing safe travel to all transportation system customers and to protecting the safety of the Department's workforce and contractors. Safety considerations are integral to all MDOT design and operational activities. In addition, personal security is a fundamental expectation for all of Maryland's transportation system customers. Threats to the security of travelers and transportation assets are receiving heightened attention and the Department is committed to taking advantage of new technologies and cost effective counter-measures to reduce transportation system vulnerabilities. Every mode has instituted improved safety measures and the Department continues to implement a vast number of heightened security measures throughout the transportation system.



Mobility

The core of MDOT's mission is mobility. This means getting people and goods to destinations and markets in a safe and efficient manner. The Department finds itself at a crossroads, facing key gaps and bottlenecks within the State's transportation systems that are known to cause delay and congestion.

The CTP includes capital projects that provide critical new additions, and also enhance and preserve the existing transportation system to accommodate travel and facilitate commerce. These projects focus on demonstrated customer needs to decrease delay and improve the safety and reliability of the State's transportation networks. They are Maryland's investment in our highway, transit, port and aviation facilities that assure a safe and efficient transportation system and improve economic competitiveness.



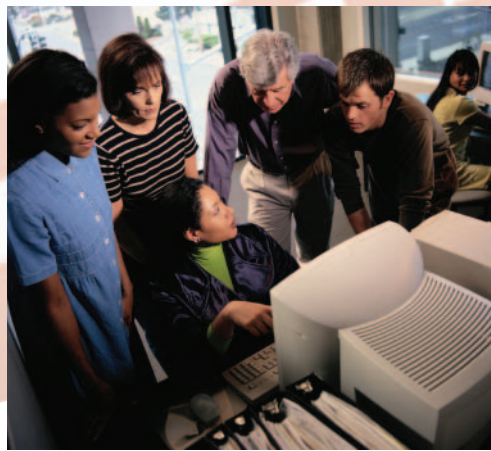
The transportation needs of individuals throughout our State are varied and require transportation options or programs that enable people to be mobile and to actively participate in all aspects of community living. The Maryland Department of Transportation is charged with

building an integrated accessible transportation system that provides opportunities for the motorist, air traveler, pedestrian, bicyclist and the public transportation user. This transportation network supports community living, employment, education, health care and recreational opportunities for all.

However, an integrated transportation program is more than highways, accessible trains, buses and paratransit. In meeting the challenge of providing the best mix of options, MDOT will explore alternative approaches and select the most efficient means of meeting customer expectations and needs. The application of cost-effective design alternatives, the usage of managed, variably priced or special purpose facilities (such as Express Toll Lanes), improving mobility through technology (such as *E-ZPass*SM), alternative means of travel and key system expansion (such as the ICC) are examples of this strategy. The Maryland Department of Transportation is committed to providing safe and accessible transportation services that meet the needs of a varied population.

System Productivity and Quality

Improving program and project delivery to reduce the costs and streamline schedules is essential to effectively delivering improvements to users of the transportation system and the State's taxpayers. The Department intends to implement projects in a minimum time period through streamlined approaches and improved relationships with other agencies. Throughout all projects and activities MDOT is committed to protecting Maryland's human and natural environment. MDOT is looking to contain costs with business-like organization and best value practices in ways that will not substantially impact customer service and will provide wise use of the taxpayers' funds. MDOT is also exploring innovative approaches to customer service, finance and partnerships to improve customer satisfaction and service delivery.



PRIORITY INITIATIVES

Intercounty Connector (ICC)

The Intercounty Connector (ICC), a new 18-mile state of the art, intermodal toll highway connecting I-270 with I-95 and US 1, is one of the state's highest transportation priorities. In May 2006, the Federal Highway Administration (FHWA) issued a favorable Record of Decision, approving the Environmental Impact Statement for the project. The State Highway Administration, which is administering the implementation of the project on behalf of the Maryland Transportation Authority, plans to issue a notice to proceed for the first major construction contract for the project in early 2007.

The funding plan for the project, developed in conjunction with the General Assembly, has been approved by the Federal Highway Administration. The plan assures that the ICC can be built while allowing the maximum funding for other much needed transportation projects elsewhere in Maryland. It includes a mix of (a) Maryland Transportation Authority (MdTA) funding, backed by tolls on the ICC and other MdTA toll facilities; (b) GARVEE bonds, which are paid back by additional future federal highway funds; (c) "special federal funds" that will be specifically designated for the project in federal surface transportation authorization or appropriations bills, and (d) Maryland Transportation Trust Fund and General Fund sources. Toll financing for the project provides that users of the facility (and other toll highways) will pay a substantial portion of the cost of the new project. Using GARVEE bonds assures that most of the federal highway funding currently available to Maryland can be used for other projects throughout Maryland, rather than to finance the cost of the ICC. Annual debt service payments on GARVEE bonds would use approximately 15% of Maryland's federal highway funds.

The ICC will be a toll highway, owned by the Maryland Transportation Authority. In addition to use in generating revenues to help pay a portion of the project's capital cost, tolls will be used, as needed, to manage traffic demand and congestion on the ICC. Toll collection will be entirely electronic, collected at highway speeds, using *E-ZPass*SM transponders or processing of video images of vehicle license plates.

Freight Studies

In addition to the efficient movement of *people* to, from, and through the state of Maryland, MDOT is focusing on the efficient transportation of *freight*. U.S. Department of Transportation studies reveal that by 2025 freight for our northeast, multi-state region will

grow between 70-80% above today's congested levels. As a result, we can expect that freight movements and related jobs will increase along the same trend lines during that period. Since Maryland's motor carrier and rail infrastructure is located at the geographical epicenter of the I-95 corridor, the Department has taken a particular interest in freight issues for a number of reasons, including:

- Congestion in the Baltimore-Washington corridor and throughout the metropolitan regions continues to increase
- Critical passenger (AMTRAK) and rail freight (CSX) tunnels are over one hundred years old
- The Port of Baltimore and domestic interests must have the ability to attract intermodal freight business which relies on 20' 6" rail clearances, and
- Growth of freight along the I-95 corridor will be increasing 70-80% over the next 20 years

Therefore, MDOT is engaging in short and long-term studies and strategies with key partners to find solutions to address the growth of freight in our region. Our partnership efforts involve U.S. DOT to design creative financing solutions to the major truck and rail freight bottleneck projects impacting the entire region; the I-95 Corridor Coalition and its member states along the East Coast to evaluate truck (MATOPS) and rail capacity (MAROPS) issues; the FRA to study alternative rail freight and passenger tunnel routes through Baltimore; and FHWA to monitor travel times and delays in freight significant corridors (Freight Performance Measurement initiative).

Multi-state freight corridor solutions and enhancements costing billions of dollars will take years to complete. Funding mechanisms are under study, but are not yet in place. We do know that creative public/private shared funding involving all stakeholders and beneficiaries, including the State, will be necessary from those partners who will realize



the benefits of improvements. At this time, MDOT is continuing its leadership roles on state and national studies of this issue to quantify and qualify statewide and multiple state corridor freight needs. When studies are completed we hope to identify key projects to promote as future candidates for "Freight Projects of Regional and National Significance" and as such, position Maryland to compete for additional federal funding.

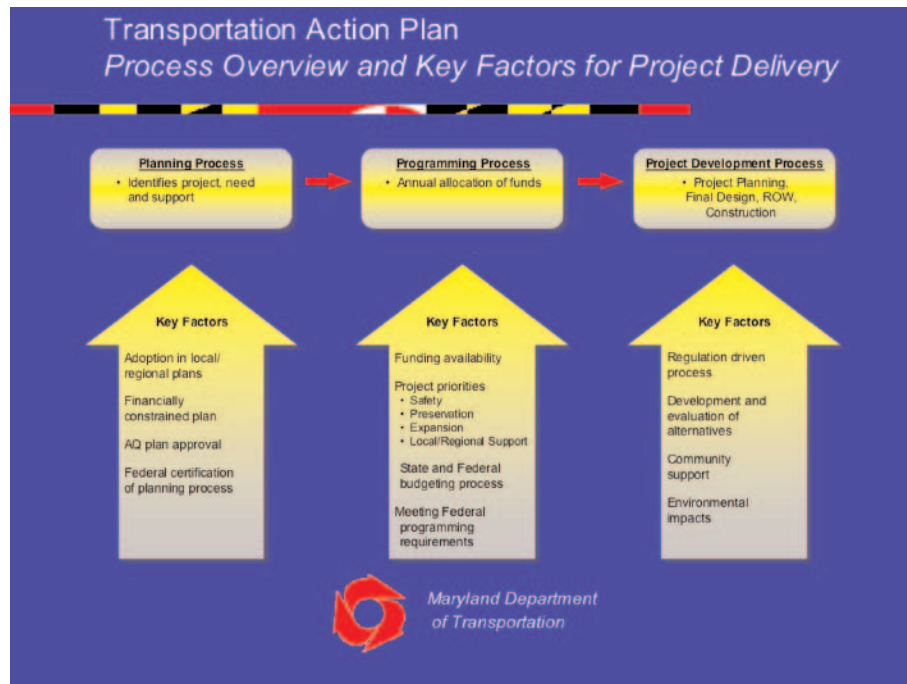
BRAC

"BRAC" is an acronym that stands for Base Realignment and Closure. It is the congressionally authorized process the U.S. Department of Defense has used to reorganize its base structure to more efficiently and effectively support the Military. In November 2005, Congress voted to approve the final recommendations of the BRAC Commission. Maryland is one of few states benefiting by gaining additional military and civilian positions. Direct and indirect jobs coming to Maryland over the next six to ten years are estimated at 40,000 to 60,000. Fort Meade, Aberdeen Proving Ground and the Naval Medical Center at Bethesda will be gaining most of these positions. Other installations including Fort Detrick and Andrews Air Force Base are also expected to have significant increases in personnel resulting from non-BRAC related growth.

MDOT is working in partnership with other State agencies including the Department of Business and Economic Development and the Maryland Department of Planning to face the challenge of accommodating this growth in a way that is efficient and effective over the long term. Outreach efforts with state, local and military communities are now underway in many areas of the State. Identifying priorities and coordinating resources among all parties will remain critical in realizing effective transportation project starts. MDOT is drawing on its previous experience from the Patuxent Naval Air Station growth during the previous BRAC. Lessons learned from that experience would be applied to address the forecasted impacts associated with this series of BRAC moves.

MDOT will also continue to take advantage of its project development, delivery and operations experience in implementing highway and transit projects (as depicted in the chart on the following page). The existing planning and programming processes that have served very well will continue to be followed, just as they were during the development of even the most challenging projects such as the replacement of the Woodrow Wilson Bridge. The Department will continue to adhere to federal and state environmental rules, coordinating efforts with our metropolitan planning organizations and coming to agreement on local

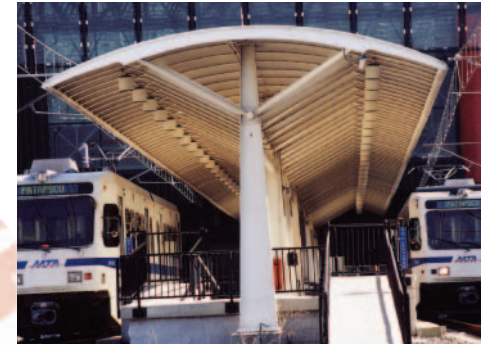
priorities with our county partners. Insofar as BRAC does not bring new and different sources of funding with it, it will be necessary to work within our existing financial capabilities and address the most important needs. This CTP contains many projects supporting BRAC changes at the various military installations. As the impacts of BRAC related growth continue to be realized, MDOT will be working with its local partners to identify changing priorities and also exploring creative new funding mechanisms that can bolster our traditional Trust Fund sources. A list of current projects related to BRAC may be found on page A-55.



Transit-Oriented Development (TOD)

In order to maximize the benefits of transit access while promoting sensible growth, MDOT is partnering with local authorities to promote land use regulations that support development in proximity to major transit facilities. In Montgomery County, MDOT is working with the local partners to reconfigure the Silver Spring Metro Station area as a multi-modal transit center. The facility will be a major transit hub serving the Silver Spring Central Business District and the surrounding region, and will also support proposed air rights development over the Transit Center that would include a hotel and up to two residential buildings. In the heart of mid-town in Baltimore City, MDOT continues to work with local partners to facilitate the

redevelopment of the 25-acre State Center complex. The State's Office campus will be transformed into revitalized, mixed-use development that takes full advantage of the Metro and Light Rail stations and significant bus service on site and becomes a local and regional destination. In addition, MDOT/MTA is working to bring Owings Mills to completion as the first significant TOD on the Metro system.



The Department recognizes that not only is TOD an opportunity to support local economic development and community goals, but it can also serve as a financial tool for important transit investments. To that end, MDOT fully supports and requires local partnerships to further the TOD process.

Innovative Financing

Today, the transportation budget is at an historic \$13 billion level, with a balanced, fiscally constrained program for funding both highways and transit. MDOT has a unique funding structure. Highways, transit, aviation, port and motor vehicles all are funded within the Transportation Trust Fund. Maryland is one of the few states that have this unique and flexible trust fund. In addition, Maryland is one of a few states that fully support major transit systems in two major urban areas. In the six-year capital program, almost \$3 billion is invested in these two major transit systems including maintenance, preservation and capacity enhancements. This does not include the cost of operating these two enormous systems. In addition, Maryland provides funding for the local bus service for Montgomery and Prince Georges counties which is included in WMATA's bus service. As the federal funding decreases and the competition for scarce federal new starts funding increases, states are looking at non-traditional funding sources. Although state revenues do increase, they are not increasing at the same rate as the growth in the Consumer Price Index (CPI), thus fewer and fewer dollars go to meet the demands on the Transportation Trust Fund.

However, the existing transportation network has grown considerably in size over the last two decades. Highway, transit, and aviation facilities have seen dramatic growth, all of which requires ongoing maintenance and preservation. Although the Department has many new facilities, we also have an aging system which requires increasing levels of upkeep. For

major systems elements like bridges and transit vehicles, substantial investments are needed to maintain safety and service quality. In addition, demand on the existing system requires further enhancements to the transportation network. For example, roadways may require widening to alleviate major bottlenecks and transit systems may require additional and more frequent service along existing lines. In some cases, entirely new services and facilities may be needed to expand the capacity of the system. Examples include the ICC, the Red Line in Baltimore, the Corridor Cities Transitway (CCT), the Bi-County Transitway and the WMATA Green Line to BWI.

Expansion of the transportation system is extremely expensive, especially considering the need to accommodate growth in highly developed areas in an environmentally sensitive manner. With growth comes associated increases in operating costs. This is particularly true with respect to transit service. The Transportation Trust Fund currently funds 60% of the cost of each ride, with the remaining 40% coming from the user of the service. The operating cost associated with transit alone accounts for 50% of the Department's operating program over the current six-year planning period.

Innovative financing mechanisms can help fill the gap between declining traditional revenue sources such as fuel taxes (which are not adjusted for inflation) and increasing costs of construction and maintenance. To close this gap, MDOT is aggressively pursuing innovative financing options including:

- *Value Pricing Strategies* (Express Toll Lanes): A network of optional express toll lanes that provides a cost-effective way for Maryland to manage congestion, increase roadway capacity, create an expanded regional transit system and provide an option for relatively free-flowing highway travel—and to do so decades sooner than otherwise feasible.
- *Tax Increment Financing* (TIF): Issuance of bonds to finance transportation projects that are repaid with dedicated revenue from property tax increases resulting from the project.
- *Public Private Partnerships* (P3): Arrangement that creates a role for the private sector in the development, operation and /or financing of a public transportation project.
- *Value Capture* (Development impact fees and special assessment districts): Application of the increased value from a developed or redeveloped property to help fund a transportation project.

- *Financing Techniques*: Leveraging of existing or new revenue sources to increase cash flow (e.g., Grant Anticipation Revenue Vehicle Bonds, State Infrastructure Banks and Transportation Infrastructure Finance and Innovation Act Program).
- *Joint Venture with Local Partnerships*: Partnering with local government helps the trust fund dollars go farther and allows for projects to proceed to construction much sooner.

There are numerous examples of innovative financing techniques currently being used by the Department which include: Passenger Facility Charges (PFCs) and Customer Facility Charges (CFCs) used to finance major airport improvements without diverting resources from the Transportation Trust Fund, along with a Public Private Partnership (P3) with Southwest in the construction of Pier A and B; Transportation Infrastructure Investment Fund (TIIF) money used in the Silver Spring Transit project; breaking ground on the first new Express Toll Lanes (Section 100) along I-95 north of Baltimore; planning on Section 200, the second phase of the I-95 improvements into Harford County; and launching a statewide network of Express Toll Lanes including the Capital Beltway, Baltimore Beltway, I-270, I-95 between Washington and Baltimore and key arteries into Southern Maryland. The Department will continue to seek out new ways to finance transportation projects to maximize value to the citizens of Maryland.



WHERE THE MONEY COMES FROM...

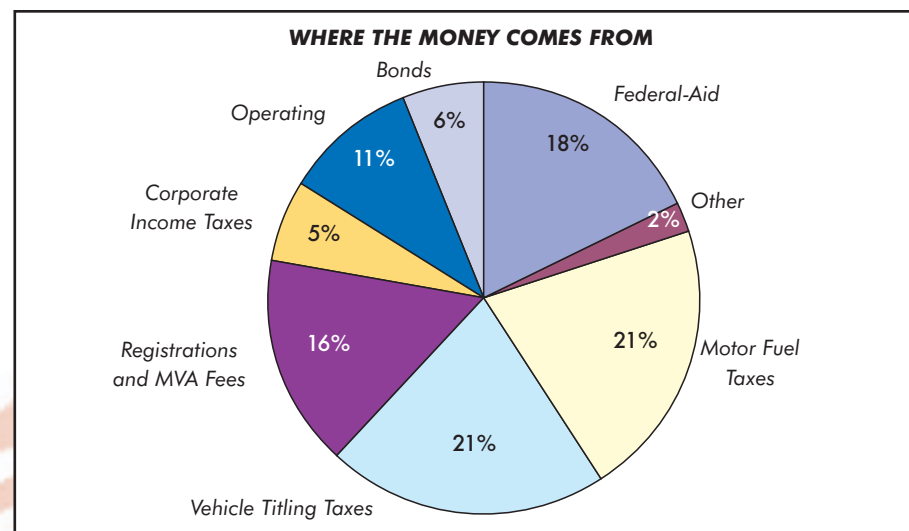
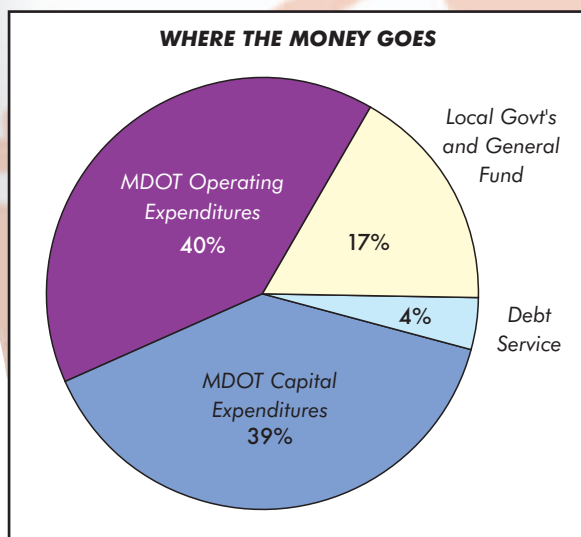
Maryland's transportation system is funded through several dedicated taxes and fees, federal aid, operating revenues, and bond sales, which are assigned to the Transportation Trust Fund (TTF). This fund is separate from the State's General Fund, which pays for most other State government programs. Essentially, our customers pay user fees for transportation infrastructure and services, through motor fuel taxes, vehicle titling taxes, registration fees, operating revenues and corporate income taxes. The motor fuel tax and vehicle titling tax are the two largest sources of State revenue. Operating revenues include transit fares and usage fees generated at the Port of Baltimore and BWI Thurgood Marshall Airport. In addition, federal aid comprises a large portion of transportation revenues. These funds must be authorized by a congressional act. The U. S. Congress recently enacted a long-term federal surface transportation system funding program. A detailed discussion of this process is presented in a later section of this summary. Total projected Trust Fund revenues amount to \$18.3 billion for the six-year period covered by this CTP. These amounts are based on the assumption the economy will continue along a moderate growth scenario for the next six years. (For more on revenue projections and economic assumptions, see pages 10 through 12.)

WHERE THE MONEY GOES...

The MDOT program is fiscally constrained. The TTF supports operation and maintenance of State transportation systems, MDOT administration, debt service and capital projects. A share of these funds is dispersed among Maryland's counties and Baltimore City for local transportation needs.

After operating costs, debt service, and local distributions, the remaining money goes towards capital projects. This document, Maryland's CTP, is the six-year capital budget for all State transportation projects.

The FY 2007-2012 CTP totals about \$9.0 billion; \$8.2 billion of which comes through the Trust Fund and \$0.8 billion from "Other" fund sources.



Capital Expenditures

FY 2007-2012 CTP SUMMARY (\$ MILLIONS)					
	STATE FUNDS	FEDERAL AID	OTHER*	TOTAL	PERCENT OF TOTAL
TSO	84.0	11.6	-	95.6	1.1
MVA	200.1	-	-	200.1	2.2
MAA**	290.7	138.2	248.6	677.5	7.5
MPA	560.4	5.7	26.6	592.7	6.6
MTA	605.6	876.1	39.1	1,520.8	16.9
WMATA	436.0	98.4	534.8	1,069.2	11.9
SHA	2,658.9	2,190.2	-	4,849.1	53.8
TOTAL	4,835.7	3,320.2	849.1	9,005.0	100.0

* Funds not received through the Trust Fund. Includes some funds from Maryland Transportation Authority (MdTA), Passenger Facility Charges (PFC), Customer Facility Charges (CFC) and federal funds received directly by WMATA.

** Projects using non-trust fund financing sources are included in the total.

TSO – The Secretary's Office
MVA – Motor Vehicle Administration
MAA – Maryland Aviation Administration
MPA – Maryland Port Administration
MTA – Maryland Transit Administration
WMATA – Washington Metropolitan Area Transit Authority
SHA – State Highway Administration

SHAPING MARYLAND'S TRANSPORTATION SYSTEM

The Public Role

When developing Maryland's transportation system, MDOT seeks public input while assembling the Maryland Transportation Plan, preparing the CTP, studying possible projects and designing facilities.



The Maryland Transportation Plan reflects the concerns of our customers - the Maryland public - who use the transportation system on a daily basis. The recent plan was created with inclusive public participation and input through such processes as telephone surveys, leadership interviews, workshops, and consultation tour meetings. The public also comments on the draft plan before the Governor adopts the final version.

The public and local governments also have an important role in shaping the CTP. Every fall, the Secretary tours every County and Baltimore City to receive input on local priorities. Local elected officials submit priority lists. Regional bodies also provide input. Projects are more likely to be funded if there is a local consensus behind it. Local input is considered when revising the program before it is submitted to the Governor. The Governor then includes the CTP with his budget submission to the General Assembly in January.

Additionally, the public has many other opportunities to review and comment on specific projects, such as at the many public meetings during planning and environmental review phases. State planners and engineers also work with the public to design projects that reflect sensitivity to the context of the surrounding community and environment.

For information on projects, call the MDOT's Office of Planning which assembles the SRT, at 410-865-1275; For the deaf, Maryland Relay 711. For more information on MDOT and links to each of the modal administrations, visit <http://www.marylandtransportation.com>.

The MDOT Role

The statewide transportation plan, called the Maryland Transportation Plan (MTP), serves as the Department's guiding policy document. The current Plan, which was adopted in 2004, is updated every five years. Every year, the Secretary of MDOT works with the Department's modal administrators to determine which projects to add to the CTP or to advance. MDOT looks at the need for individual projects based on such things as MDOT's MTP goals and objectives, level of service, safety, maintenance issues, how the projects may encourage economic development, availability of funding (including federal funds), and the input received from the public and local officials. The Governor and Secretary take this input into account when making the final decision of which projects will be funded.

The Federal Role

Transportation planning and programming in Maryland also is influenced by a number of federal initiatives including Transportation Equity Act for the 21st Century (TEA-21), the recently enacted Safe, Accountable, Flexible, Efficient Transportation Equity Act: a Legacy for Users (SAFETEA-LU) and the Clean Air Act Amendments of 1990. TEA-21 authorized federal highway and transit programs for fiscal years 1998 through 2003. TEA-21 expired on October 1, 2003 and Congress passed a series of twelve short-term extensions to avoid shutting down the federal programs. On August 10, 2005, President George W. Bush signed the current act, SAFETEA-LU, which authorizes the federal highway and transit programs through federal fiscal year 2009, and expires on September 30, 2009. The comprehensive new act guarantees federal spending set at a total of \$286.4 billion over six years (2004-2009), a 38 percent increase over TEA-21. In 1990, the federal government passed sweeping revisions to the Clean Air Act designed to better address air pollution. In particular, the Clean Air Act of 1990 established tighter pollution standards for emissions from automobiles and trucks. Non-attainment area classifications were established and ranked according to severity of the area's air pollution problem. These non-attainment categories trigger varying requirements the area must comply with in order to meet federal standards. MDOT continues to work to ensure that the State's transportation program for Maryland will be consistent with federal Clean Air Act requirements and that, as a consequence, federal transportation funding for state projects will continue uninterrupted.

HOW TO READ THIS DOCUMENT

The Maryland Department of Transportation is divided into agencies responsible for different modes of travel. These are referred to as the Department's modal agencies or modes. Projects in the CTP are listed under the mode responsible for them. Within the State Highway Administration section of this document, projects are listed by jurisdiction.

For each major project, there is a Project Information Form (PIF). Each PIF contains a description of the project, its status, its justification, and its compliance status with Smart Growth. It also shows any significant change in the project since the last budget approved CTP. A chart shows funds budgeted over the six-year cycle. This is general information and is not intended to provide specifics such as alignments, status of environmental permitting, or alternatives under study.

Funding Phases

Planning - Once a proposal is funded for project planning, detailed studies and analyses are conducted to evaluate the need for the project and to establish the scope and location of proposed transportation facilities.

Engineering - The next phase for funding is the engineering phase. These projects undergo planning and environmental studies and preliminary design. These projects, having been more thoroughly evaluated than those in Project Planning, are candidates for future addition to the Construction Program and are more likely to be built.

Right-of-Way - This funding is approved at different points during the project, to provide the necessary land for the project or to protect corridors for future projects.

Construction - This last stage includes the costs of actually building the designed facility. Construction does not begin until a project receives necessary environmental permits, the State meets air quality requirements, and contracts are bid.


A project listed in a PIF may not be a specific facility. It also could include corridor studies, which look at multi-modal solutions to transportation needs. One example is the I-270 / US 15 multi-modal corridor study, which is evaluating highway and transit improvements in Montgomery and Frederick counties. The CTP also contains lists of minor projects, which are

smaller in scope and less costly such as resurfacing roads, safety improvements, sidewalks and bicycle trails.

Following this introduction are additional lists, which can help the reader better understand changes in the CTP. One shows significant changes from last year's CTP. It lists major projects added to the CTP or projects that have advanced to a new stage of development. It also lists changes in construction schedules and projects removed from the CTP.

Also, there is information regarding the economic trends and assumptions the CTP is based upon and more information about revenue projections.

The Secretary's Office -- Line 1



PROJECT: Transportation Enhancement

DESCRIPTION: Projects that may be of safety and educational activities for pedestrians and scenic or historic sites; scenic or historic beautification; historic preservation; rehabilitation of structures or facilities - including historic railway corridors - including conversion for and research. Project sponsors are required.

JUSTIFICATION: Transportation enhancement environmental value to the transportation Transportation Equity Act (SAFETEA-LU) set aside for the Transportation Enhancement

SMART GROWTH STATUS:
☒ Project Not Location Specific or Local
☐ Project Within PFA
☐ Grandfathered

ASSOCIATED IMPROVEMENTS:
Enhancement activities must be directly

STATUS: Projects approved for funding appear in the State Highway Administration's Safety, Congestion Relief, Highway and Bridge Preservation Program.

SIGNIFICANT CHANGE FROM FY 2006 - 11 CTP: Cost increased \$8.3 million due to the addition of FY 2012.

PHASE	ESTIMATED COST (\$'000)		CURRENT YEAR	BUDGET YEAR	PROJECTED CASH REQUIREMENTS FOR PLANNING PURPOSES ONLY				SIX YEAR TOTAL	BALANCE TO COMPLETE
	2006	2007			2008	2009	2010	2011		
Planning	0	0	0	0	0	0	0	0	0	0
Engineering	0	0	0	0	0	0	0	0	0	0
Right-of-way	0	0	0	0	0	0	0	0	0	0
Construction	179,216	127,716	8,000	8,400	8,500	8,400	8,900	9,300	51,500	0
Total	179,216	127,716	8,000	8,400	8,500	8,400	8,900	9,300	51,500	0
Federal-Aid	138,618	99,018	5,900	6,400	6,500	6,600	6,900	7,300	39,600	0

* The Construction line includes studies, planning, and design funds and are shown on the construction line for purposes of simplicity. ** These funds are budgeted in the State Highway Program, and are shown here for informational purposes.

PROGRAM HIGHLIGHTS

The FY 2007-2012 CTP totals about \$9.0 billion. Approximately 37 percent of this capital program will be supported by federal funds, predominantly for highway and transit projects.

Economic Trends and Assumptions

The Department's revenue and operating cost projections are based on a long-term "moderate growth" scenario for the nation's economy. The major trends and assumptions are as follows:

The long-term (6-year) trend in bond interest rates is projected to fluctuate within a range from 4.3 percent to 5.0 percent during the program period with inflation between 1.9 to 3.1 percent annually.

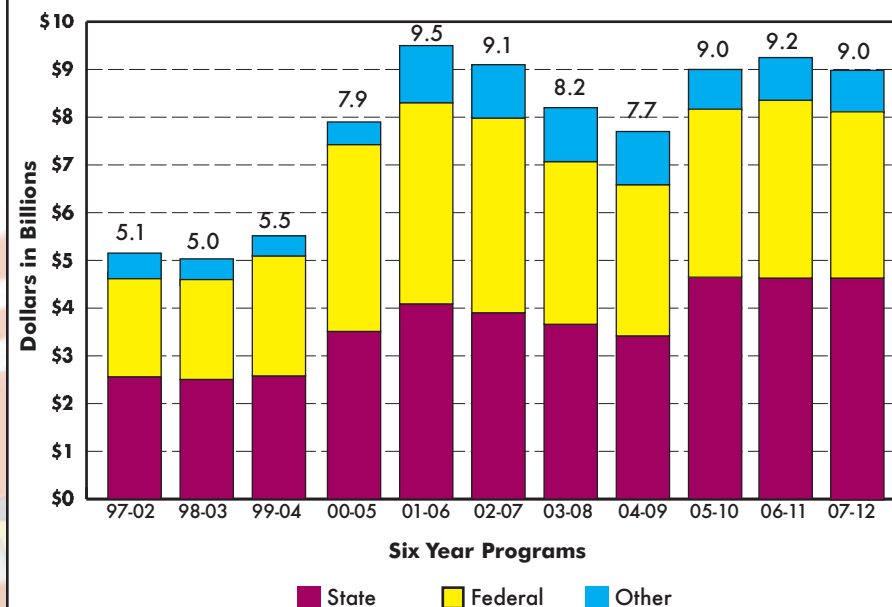
The nation began an economic recovery in FY 2004. It is now believed to be entering a period in which it will continue to grow but at a slower rate. As it moves through this period, the economy is projected to continue to have "business cycles" with:

- No major external events,
- No major changes in the law or operating responsibilities of the Department, and
- The historical relationship between national economic activity and the level of Department tax revenues continuing through the forecast period.

Gasoline prices will continue to be monitored for any impacts on revenue and material cost.

Auto sales had been increasing consistently due to the combination of good economic conditions, customer incentives, and increased consumer confidence. For FY 2007 and beyond, sales are expected to moderate and follow their normal cyclical pattern throughout the forecast period.

MARYLAND DEPARTMENT OF TRANSPORTATION Total Program Levels



REVENUE PROJECTIONS

Total projected revenues amount to \$18.3 billion for the six-year period. This estimate is based on the revenue sources used by MDOT and includes bond proceeds and federal funds. The projection does not assume any future state tax or fee increases. Pertinent details are as follows:

- **Opening Balance:** It is the goal of the Department to maintain a \$100 million fund balance over the program period to accommodate the Department's working cash flow requirements throughout the year.
- **Motor Vehicle Fuel Tax:** This revenue is projected to be \$3.2 billion over the six-year period. Motor fuel taxes include the 23.5 cents per gallon gasoline and the 24.25 cents per gallon diesel fuel.

- **Motor Vehicle Titling Tax:** This source is projected to yield \$3.7 billion. The titling tax of 5 percent of the fair market value of motor vehicles is applied to new and used car sales and vehicles of new residents. This revenue source follows the cycle of auto sales with periods of decline and growth. It is projected that this six-year planning period will follow a normal business cycle around an underlying upward trend.
- **Motor Vehicle Registration/Miscellaneous, and Other Fees:** These fees are projected to generate \$2.7 billion. This forecast assumes the combination of reduced growth in registered vehicles and a change to a heavier vehicle mix will increase the revenues an average of 3.0 percent every two-year cycle.
- **Corporate Income Tax:** The transportation share of corporate income tax revenues is estimated to be \$845 million. The Department receives a portion (24 percent) of the 7 percent corporate income tax.
- **Federal Aid:** This source is projected to contribute \$3.7 billion for operating and capital programs. This amount does not include \$534.8 million received directly by the Washington Metropolitan Area Transit Authority. The majority of federal aid is capital; only \$427 million is for operating assistance. Since federal aid supports nearly half of the capital program; a more detailed discussion of federal aid assumptions is presented in the next section of this summary.
- **Operating Revenues:** These revenues are projected to provide a six-year total of \$2.5 billion, with \$723 million from MTA; \$597 million from MPA; and \$1.1 billion from MAA. MTA revenues primarily include rail and bus fares. MPA revenues include terminal operations and other port-related revenues. MAA revenues include flight activities, rent and user fees, parking, airport concessions, and other aviation-related fees. These projections are forecast to include additional revenues from the terminal expansion.
- **Bond Proceeds:** It is projected that \$1.4 billion of bonds will be sold in the six-year period. The level of bonds, which could be issued, is dependent on the net revenues of the Department. This level of bonds is affordable within the financial parameters used by the Department.
- **Other Sources:** The remaining sources are projected to provide \$244 million. These sources include earned interest from trust funds, reimbursements, and miscellaneous revenues.

Federal Aid Assumptions

On August 10, 2005, President Bush signed the Safe, Accountable, Flexible, Efficient Transportation Act: A Legacy for Users (SAFETEA-LU) authorizes highway, transit, rail and safety programs through Federal Fiscal Year 2009. Nationwide, the legislation provides \$286.5 billion in spending over six years.

The reauthorization bill, in setting the overall structure and funding level for federal highway and transit programs, is critical to Maryland's transportation program. Under the previous authorization legislation, TEA-21, (FY98 - FY03) Maryland received (annually) approximately \$440 million for highway programs (\$410 million was formula generated and \$30 million was discretionary); plus \$100 million for transit formula programs, including WMATA/MD (subtotal - \$540 million per year received by MDOT). Under SAFETEA-LU (FY05 - FY09) Maryland is estimated to receive (annually): \$583 million for highways (a 31% increase over TEA-21); and \$140 million for transit formula programs (including MD/WMATA); a 48% increase. This is a subtotal of at least \$720 million per year received by MDOT (an increase of \$180 million per year).

It is important to note that not all of the funding authorized in HR 3 (FY05 - FY09) is necessarily "new money" for Maryland. Our Consolidated Transportation Program (CTP) has already allocated federal funds to projects in the program, based on conservative assumptions for future funding. The majority of funds authorized in the reauthorization bill will be used for projects already committed in our capital program and unfunded system preservation needs.

Highways

Federal highway programs are authorized by multiple year legislation. The funds authorized and apportioned to the states are subject to annual ceilings which determine how much of the authorized money can be obligated in a given year. This ceiling is referred to as Obligation Authority (OA) and is imposed by Congress annually in response to prevailing economic policy. Under ISTEA, which authorized funds from FFY 1992 through FFY 1997, OA ranged from 80.5 percent to 105.3 percent. During TEA-21 (FFY 1998 - FFY 2003), OA averaged 92 percent. The CTP assumes the level of OA from SAFETEA-LU at 87 percent.

Transit

Between 50 and 70 percent of Maryland's federal transit funds are distributed by formula, depending on the amount of discretionary earmarks for Maryland buses, bus facilities and new start projects. The FFY 2006 FTA Urbanized Area capital assistance for Baltimore, MARC,

D.C area and Small Urban Systems is \$68.9 million. An annual estimated amount of \$72.4 million is assumed for FFY 2007.

Rail modernization funding for Maryland increased from \$30.4 million in FFY 2006 to \$33.6 million in FFY 2007.

SAFETEA-LU authorized \$41 million to complete the Baltimore-Central Light Rail Double Tracking project and \$75 million to complete the Washington DC/MD - Largo Metrorail Extension. SAFETEA-LU also authorized \$105 million for the Baltimore Red Line/Green Line Transit project. Additional New Starts projects authorized in SAFETEA-LU include the Corridor Cities Transitway, the Bi-County Transitway and the Silver Spring Transit Center. Once authorized and approved, New Start transit projects also require an earmark in the annual appropriations act in order to obtain additional discretionary federal funding.

New Starts earmarks for Maryland in FY 2007 are yet to be determined. House and/or Senate earmarks include the Baltimore Red Line/Green Line, Baltimore Light Rail Double Track, Addison Road WMATA extension railcars, and MARC Commuter Rail improvements. However, conference results may not be available until after the November 2006 elections.

WMATA

WMATA receives federal formula funds (80 percent federal share) for bus and rail preservation activities. Federal funding for construction of the Addison Road to Largo Extension of the

Washington Metro was completed in FFY 2005. Funding for rail cars related to the extension has been included in early versions of the appropriations bill. However, conference results may not be available until after the November 2006 elections.

In addition to federal funds received directly by WMATA, MDOT has budgeted additional Congestion Mitigation and Air Quality (CMAQ) federal funds to be used by WMATA for critical preservation activities.

Aviation

The Federal Aviation Administration through the Airport Improvement Program (AIP) currently provides federal entitlement and discretionary funding for airport projects. It is assumed that entitlement funding calculated using enplanement and cargo-based formulas for BWI will total \$3.5-4.0 million per year for the six-year program period. This level of entitlement is the net amount after reductions made due to BWI's ability to collect a \$4.50 Passenger Facility Charge (PFC).

The MAA anticipates receipt of additional discretionary AIP funding for BWI and Martin State Airports during the six-year program period. FAA plans to financially support funding needs for the airfield pavement improvements including modifications to standards and Runway Safety Areas (RSA). After the environmental assessment determines the viable RSA options, these improvements are projected to be complete by 2015. If discretionary funds are not forthcoming as assumed, the schedule of impacted projects will be adjusted accordingly.

